



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

April 9, 2009

VIA FED EXPRESS

Mr. Julio E. Rios, II
Registered Agent
Lisbon Refining J.V., L.L.C.
401 Edwards Street – 13th Floor
Shreveport, LA 71101-3289

Re: Notice of Violation and Information Request
Lisbon Refinery J.V., L.L.C.

Dear Mr. Rios:

Enclosed is a Notice of Violation (NOV) issued to Lisbon Refinery J.V., L.L.C. (Lisbon) for violations of the Clean Air Act at its refinery near Lisbon, Claiborne Parish, Louisiana. In the NOV, the Environmental Protection Agency (EPA) documents violations of federally enforceable provisions of State Permit Number 0620-00002-06 issued by the Louisiana Department of Environmental Quality (LDEQ) through their State Implementation Plan.

EPA has concerns that go beyond the scope of the enclosed NOV; therefore, also enclosed, please find a Clean Air Act Information Request which will provide the EPA the information necessary to determine Lisbon's compliance with provisions of the Clean Air Act (hereinafter the "Act").

The EPA has serious concerns about the compliance status of the facility, given the previous egregious violations found by inspections conducted in July 2007, and the fact that during an air compliance inspection conducted April 2, 2009, it was observed that the material incoming to the facility was not the sweet crude as represented to the LDEQ in Lisbon's permit application. The EPA expects Lisbon to immediately comply with all aspects of its State permit. Failure to comply with the permit will elicit further enforcement action from this Agency.

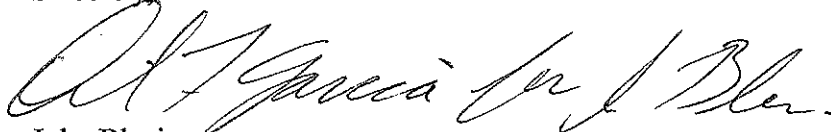
EPA may take any or all of the following actions: issue a further order requiring compliance with the Act; issue an administrative penalty order; or bring a civil action in federal district court for an injunction and/or monetary penalties up to \$37,500 per day for each violation. See Sections 113(a), (b) and (d) of the Act, 42 U.S.C. §§ 7413(a), (b) and (d), and 40 C.F.R. Part 19. If Lisbon has knowingly violated the federal requirements, Lisbon and its responsible corporate officers may be subject to criminal penalties under Title 18 of the United States Code, imprisonment for not more than five years, or both. See Section 113(c) of the Act, 42 U.S.C. § 7413(c).

Re: Lisbon Refinery NOV and
Information Request

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Please note the opportunity to confer outlined in Section V of the NOV. A request to confer should be submitted in writing to Carlos Zequeira, Enforcement Counsel, within 10 days of receipt of this NOV. With regard to the enclosed Information Request, please provide the requested information to Greg Valentine as specified in the Information Request. If you have any questions, Mr. Zequeira can be reached at (214) 665-8053 and Mr. Valentine can be reached at (214) 665-3111.

Sincerely,



John Blevins

Director

Compliance Assurance and
Enforcement Division

Enclosures:

1. Notice of Violation (NOV)
2. Clean Air Act (CAA) Information Request

cc: (via Fed Express)
Mr. James H. Ballengee
Lisbon Refinery J.V., L.L.C.
800 Spring Street, Suite 205
Shreveport, LA 71101-3757

(via email)
Lourdes Iturralde, Administrator
Office of Environmental Compliance - Enforcement Division
Louisiana Department of Environmental Quality

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6
DALLAS, TEXAS**

IN THE MATTER OF:)	
)	
)	
Lisbon Refinery J.V., L.L.C.)	NOTICE OF VIOLATION
)	
CLAIBORNE PARISH, LOUISIANA)	

I. STATUTORY AND REGULATORY BACKGROUND

This Notice of Violation (NOV) is issued to Lisbon Refinery J.V., L.L.C. (Lisbon) for violations of the Clean Air Act (Act), 42 U.S.C. § 7401 *et seq.*, at its facility located near Lisbon, in Claiborne Parish, Louisiana. Specifically, Lisbon has violated Title I of the Act by failing to comply with State permit number 0620-00002-06.

This NOV is issued pursuant to Section 113(a)(1) of the Act, 42 U.S.C. § 7413(a)(1). Section 113(a) of the Act requires the Administrator of the United States Environmental Protection Agency (EPA) to notify any person in violation of a state implementation plan (SIP) or permit of the violations. The authority to issue this NOV has been delegated to the Regional Administrator of EPA Region 6, and further delegated to the Director, Compliance Assurance and Enforcement Division, EPA Region 6.

On the basis of information available to me, and as authorized by the Administrator of the EPA, I find that Lisbon has violated federally-enforceable requirements for specified sources issued under the SIP and State permit, promulgated pursuant to Section 110 of the Clean Air Act, 42 U.S.C. § 7410. The details of the violation are included herein.

Lisbon's operations are subject to LAC 33:III, Chapter 5 -- Permit Procedures. LAC 33:III is part of the federally-approved Louisiana SIP. Pursuant to the SIP, the Lisbon operations are subject to these requirements via State permit number 0620-00002-06 and its specific requirements, issued on March 16, 2009. Lisbon's operations are subject to the requirements of the NSPS found at 40 C.F.R. Part 60, including Subparts A and Kb. NSPS Subpart A regulates all affected facilities and Subpart Kb establishes recordkeeping requirements for storage tanks.

II. FACTUAL BACKGROUND

On April 2, 2009, an unannounced air inspection was conducted at the Lisbon facility located in Claiborne Parish, near Lisbon, Louisiana. Information collected during this inspection reveals that Lisbon is receiving petroleum material not authorized by their permit. Inspector interviews of

truck delivery drivers provided information that Lisbon was receiving light petroleum products from natural gas wells rather than the sweet crude oil authorized by the Facility permit. Inspectors also utilized an infrared camera and detected significant emissions from the roof vents of the storage tanks and the sample bucket at the truck unloading operation.

Lisbon could not provide records to substantiate the type and origin of the materials currently stored at the Facility. The specific requirements in State permit number 0620-00002-06 were not being followed for a storage tank designated as tank B2. The specific requirement states "Equipment/operational data recordkeeping by electronic or hard copy at the approved frequency. Keep readily accessible records showing the dimension of the storage vessel and an analysis showing the capacity of the storage vessel. Keep copies of all records for the life of the source as specified by 40 CFR 60.116b(a). Subpart Kb. [40 CFR 60.116b(b)]." This specific requirement of State permit number 0620-00002-06 was not being followed as noted by the April 2, 2009, inspection.

Lisbon's operations are also subject to LAC 33:III, Chapter 5 -- Permit Procedures. Section 505 of LAC 33:III, Chapter 5 states that "...no construction or modification or operation of a facility which ultimately may result in emission of air contaminants as defined in LAC 33:III. shall be started until the report has been approved, an appropriate permit fee paid (as listed in LAC 33:III.6523), and a certificate of approval (permit) for the work has been received from the administrative authority." During the April 2, 2009, inspection noted above, the EPA Inspector received information that the Lisbon operations began on March 5, 2009. State permit number 0620-00002-06 was not issued by the administrative authority until March 16, 2009.

III. FINDING OF VIOLATION

Based on the observations made by the EPA inspector described in Paragraph II., Lisbon is found to be in violation LAC 33:III, Chapter 5, Section 505 of the federally-approved Louisiana SIP by failing to comply with the requirements of State permit number 0620-00002-06. State permit number 0620-00002-06 requires compliance with Subpart Kb which establishes *inter alia*, specific recordkeeping as noted in Paragraph II above.

IV. ENFORCEMENT

Section 113(a)(1) of the Act, 42 U.S.C. § 7413(a)(1), provides that at any time after the expiration of 30 days following the date of the issuance of this NOV, the Administrator may, without regard to the period of violation, issue an order requiring compliance with the requirements of the state implementation plan or permit, or bring a civil action pursuant to Section 113(b) for injunctive relief and/or civil penalties of up to \$27,500 per day for each violation after January 30, 1997, up to \$32,500 per day for each violation after March 15, 2004, and up to \$37,500 per day for each violation after January 12, 2009.

V. OPPORTUNITY FOR CONFERENCE

Lisbon may, upon request, confer with EPA. The conference will enable Lisbon to present evidence bearing on the finding of violation, on the nature of the violation, and on any efforts it may have taken or proposes to take to achieve compliance. Lisbon has a right to be represented by counsel. A request for a conference must be made within ten (10) days of receipt of this NOV, and the request for a conference or other inquiries concerning the NOV should be made in writing to:

Carlos Zequeira (6RC-EA)
Enforcement Counsel
Office of Regional Counsel
U.S. EPA - Region 6
1445 Ross Avenue
Dallas, TX 75202-2733

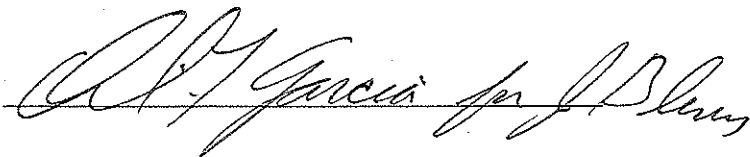
If you have any technical questions regarding the NOV cited herein, you may call Rich Raybourne, of my staff, at (214) 665-7260. Legal inquiries may be made to Carlos Zequeira at (214) 665-8053.

VI. EFFECTIVE DATE

This NOV shall become effective immediately upon issuance.

Dated: 4/9/09

John Blevins
Director
Compliance Assurance and
Enforcement Division

A handwritten signature in dark ink, appearing to read "John Blevins", written over a horizontal line.

Information Request

I. INSTRUCTIONS

The U.S. Environmental Protection Agency (EPA) Region 6 is issuing this Information Request (Request) to Lisbon Refinery, J.V., L.L.C. for its bulk crude oil storage and wholesale facility located at 18647 Highway 2, Lisbon, Claiborne Parish, Louisiana ("the Facility") under Section 114(a) of the Clean Air Act (the Act), 42 U.S.C. § 7414(a). Section 114(a) of the Act authorizes the Administrator of the EPA to require the submission of this information. This authority has been delegated to the Director of the Compliance Assurance and Enforcement Division, EPA Region 6.

Please provide a separate response to each question and subpart of a question set forth in this Request and precede each answer with the number of the question to which it corresponds. If the Facility has no responsive information or documents for a particular question, submit a statement certifying this, along with a detailed explanation. If a document is responsive to more than one question, this must be so indicated, and only one copy of the document need be provided.

For each question identify each person responding to any question contained in this Request on your behalf, as well as each person consulted in the preparation of a response.

For each question, identify each document consulted, examined, or referred to in the preparation of the response or that contains information responsive to the question, and provide a true and correct copy of each such document if not provided in response to another specific question. Indicate on each document produced in response to this Request the number of the question to which it corresponds.

If information or documents not known or not available to you as of the date of submission of a response to this Request should later become known or available to you, you must supplement your response to EPA. Moreover, should you find, at any time after the submission of your response that any portion of the submitted information is false or misrepresents the truth, you must notify EPA of this fact as soon as possible and provide EPA with a corrected response. There are significant penalties for submitting false information, including the possibility of fine or imprisonment.

Any information or correspondence submitted by the Facility to EPA Region 6 in response to this Request shall be addressed to the following:

Greg Valentine
EPA, Region 6
1445 Ross Avenue (6EN-AA)
Dallas, Texas 75202-2733
Phone: (214) 665-3111, Fax: (214) 665-3177
Email: valentine.greg@epa.gov

If information responsive to this Request was previously provided to EPA, EPA does not require that such information be submitted again. In lieu of resubmitting such information, please indicate which information was already provided, the date that the information was submitted to EPA, specific detail where the response can be found in that submittal, and to whom it was provided.

The response to this Request must be certified by a duly authorized officer or agent of the Facility by signing the enclosed Statement of Certification and returning it with the response. An individual with sufficient knowledge and authority to make such representations on behalf of the Facility must certify all information submitted in response to this Request as true, correct, accurate, and complete.

The information requested must be submitted whether or not you regard part or all of it a trade secret or confidential business information. You may, if you desire, assert a business confidentiality claim on all or part of the information submitted. Any information subsequently determined to constitute a trade secret will be protected under 18 U.S.C. § 1905. Unless you make a claim at the time that you submit the information, it may be made available to the public by EPA without further notice to you. You should read 40 C.F.R. Part 2 carefully before asserting a business confidentiality claim, since certain categories of information are not properly the subject of a claim. Emission data is exempt from claims of confidentiality under Section 114 of the CAA, and the emissions data that you provide may be made available to the public. Information subject to a business confidentiality claim is available to the public only to the extent allowed under 40 C.F.R. Part 2, Subpart B. We may use any information submitted in response to this Request in an administrative, civil, or criminal action.

Except for the information specifically requested to be in a Lotus or Excel spreadsheet format, the Facility has a choice of either submitting all the documents in pdf format, or submitting all the documents as hard copy documents. Our preference is to receive the documents electronically. For pdf submittals, please ensure that confidential business information and non-confidential information are submitted on separate disks. Please also mark each page that is confidential business information as such.

Please be advised that under Section 113(a) of the Act, failure to provide the information required by this letter in a timely manner may result in an order requiring compliance, an order assessing an administrative penalty, or a civil action for appropriate relief. In addition, Section 113(c) of the Act provides criminal penalties for knowingly making any false statements or omission in any response required under the Act. EPA may also seek criminal penalties from any person who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of EPA or in relation to or contemplation of any such matter or case. See 18 U.S.C. § 1519 (2004). The information provided by you may be used by the United States in administrative, civil, or criminal proceedings.

This Request is not subject to the Paperwork Reduction Act, 44 U.S.C. §§ 3501 *et seq.*, because it seeks collection of information from specific individuals or entities as part of an administrative action or investigation. Failure to comply fully with this Request for information may subject the Facility to an enforcement action under Section 113 of the Act, 42 U.S.C. § 7413.

II. DEFINITIONS

The following definitions shall apply to the following words:

The terms "document" and "documents" shall mean any object that records, stores, or presents information, and includes writings of any kind, formal or informal, whether or not wholly or partially in handwriting, including documentation solely in electronic form, including by way of illustration and not by way of imitation, any invoice, manifest, bill of lading, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memorandum of telephone and other conversations, including meetings, agreements and the like, diary, calendar, desk pad, scrapbook, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, report, notice, message, email, analysis, comparison, graph, chart, interoffice or intraoffice communications, photostat or other copy of any documents, microfilm or other film record, any photograph, sound recording on any type of device, any punch card, disc or disc pack; any tape or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use such punch card, disc, or disc pack, tape or other type of memory and together with printouts of such punch card, disc, or disc pack, tape or other type of memory); and (a) every copy of each document which is not an exact duplicate of a document which is produced, (b) every copy which has any writing, figure or notation, annotation or the like on it, (c) drafts, (d) attachments to or enclosures with any document, and (e) every document referred to in any other document.

The term "Lisbon" includes any officer, director, agent, or employee of Lisbon Refinery, J.V., L.L.C., including any merged, consolidated, or acquired predecessor or parent, subsidiary, division, or affiliate thereof.

The terms "person" or "persons" shall have the meaning set forth in Section 302(e) of the Act, 42 U.S.C. § 7602(e), and includes an individual, corporation, partnership, association, State, municipality, political subdivision of a State, and any agency, department, or instrumentality of the United States and any officer, agent or employee thereof.

The terms "you" or "yours", as used in each of the questions set forth in the attached Section 114 letter, refers to, and shall mean, the company or corporation with which each addressee of the attached Section 114 letter is affiliated, including its subsidiaries, division, affiliates, predecessors, successors, assigns, and its former and present officers, directors, agents, employees, representatives, attorneys, consultants, accountants and all other persons acting on its behalf.

All terms used in the Information Request will have their ordinary meaning unless such terms are defined in the CAA, 42 U.S.C. §§ 7401 et seq., the implementing regulations, and 40 C.F.R. Part 68.

Words in the masculine shall be construed in the feminine, and vice versa, and words in the singular shall be construed in the plural, and vice versa, where appropriate in the context of a particular question or questions.

III. QUESTIONS

Lisbon Refinery, J.V., L.L.C. shall submit the following information about the Facility within seven (7) days of receipt of this letter:

1. Provide a copy of the most recent Louisiana Department of Environmental Quality air permit for the Facility.
2. Provide a copy of the Facility's Risk Management Plan (RMP) or documentation of the Facility's exemption from the requirements of the Risk Management program.
3. Provide copies of the specifications (i.e., dimensions, engineered drawings, construction specifications, etc.) for each of the tanks at the Facility.
4. Provide copies of all engineering reports of integrity inspections conducted on all of the storage tanks at the Facility since 2007.
5. Provide a list of sources, including company name and address, of material being brought to the Facility, as well as, a map with these locations on it. Include a description including documentation of the specifications and analyses of the types of materials each source supplies to the Facility.
6. Provide vapor pressure of all materials received to ensure compliance with permit conditions, permit representations and tank regulatory requirements since the Facility resumed operations in 2009.
7. Has any of the material that is currently being stored in the tanks been processed in any way prior to receipt at the Facility?
8. Provide legible copies of all trip tickets/manifests for all shipment to and from the Facility since the resumption of operations in 2009.
9. Provide legible copies of all crude assays or Certificates of Analysis for all crude received at the facility since the resumption of operations in 2009.

10. Provide legible copies of tank and operator logs of material loading, blending, and/or unloading since the Facility resumed operations in 2009.
11. Provide copies of any third party audits/testing of onsite emissions at the Facility since 2000.
12. Provide complete records of all tests/inspections/maintenance conducted on internal floating roofs and seals for the storage tanks at the Facility since 1990.
13. Provide copies of records when the tanks at the Facility were last emptied and degassed.
14. Provide copies of notifications to the Louisiana Department of Environmental Quality for inspections of storage tanks prior to filling or refilling of the tanks at the Facility since 2000.
15. Provide copies of the certification report supplied to the Louisiana Department of Environmental Quality for the NSPS Subpart Kb tanks B2, C3, D4, and F6.
16. Provide copies of all records of vapor pressure testing by Lisbon of material in the storage tanks at the Facility since the facility resumed operations in 2009.
17. Provide the name and address of the party who should receive official correspondence on behalf of the Facility concerning this matter.

Additionally, Lisbon Refinery, J.V., L.L.C. shall submit the following information about the Facility within fourteen (14) days of receipt of this letter unless otherwise stated below:

18. Provide electronic copies of the input files to the Tanks 4.0.9d emission modeling program for Tanks A1, B2, C3, D4, F6, and M13 as used in the permit application submitted to LDEQ January 30, 2009.
19. Provide a copy of the analytical data used as input to the Tanks 4.0.9d emission modeling program and provide an explanation of the source of the data.
20. Regarding materials currently stored at the Facility, Lisbon shall sample/analyze the material in each of the tanks at the Facility for volatiles using EPA Method 8260B and for semi-volatiles using EPA Method 8270C prior to any shipment of any materials out of the Facility and within fourteen (14) days of receipt of this letter.

Lisbon will provide a copy of the sampling plan to Greg Valentine via e-mail (see above) at least seven (7) days prior to the planned sampling to allow LDEQ and EPA inspectors to observe and obtain split samples from each of the tanks. The analysis of the materials obtained will be performed by a Louisiana Environmental Laboratory Accreditation

Program (LELAP) certified laboratory that is certified to perform the above-referenced methods.

Analytical results shall be submitted to EPA within fourteen (14) days of the sampling.

STATEMENT OF CERTIFICATION

Lisbon Refining, JV, LLC is submitting the enclosed documents in response to the Environmental Protection Agency's "Section 114" request for information to determine whether its Lisbon, LA bulk crude oil storage and wholesale facility is in compliance with the Clean Air Act, including New Source Review Standards.

I am a responsible officer of _____.

I certify under penalty of law that I have examined and am familiar with the statements and information submitted in the enclosed documents, including all attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, correct, accurate, and complete. I am aware that there are significant penalties for knowingly submitting false statements and information, or omitting required statements and information, including the possibility of fine or imprisonment pursuant to Section 113(c)(2) of the Act, and 18 U.S.C. §§ 1001 and 1341.

Date: _____

Signature: _____

Name: _____

Title: _____